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SUBJECT: AFGHANISTAN - TRUCKER STRIKE DISRUPTS COMMERCE AND DELIVERY
OF SUPPLIES TO US TROOPS

This message contains SENSITIVE BUT UNCLASSIFIED information.
Please protect accordingly.

SUMMARY

1. (SBU) A truckers' strike called by a Peshawar-based transport association has stopped containerized traffic from entering Afghanistan at the Torkham border crossing since April 27. The truckers are protesting taxes, bribes and illegal collections they have to pay on the highway between Torkham and Kabul. The strike has disrupted supplies for the U.S. Military, which has over 800 container loads stranded between Peshawar and Torkham. The GOA is working at senior levels to address the truckers' demands and believes an end to the strike may be near. Embassy has engaged the GOA to encourage swift resolution.

2. (SBU) The action by the truckers has served to highlight obstacles encountered by truckers on transit trade routes in Afghanistan and raise these to the attention of the top levels of the GOA. Many of these difficulties reflect fundamental governance deficiencies which will require the exercise of strong GOA political will to address. In particular, the Ministry of Interior needs to step up to the plate. The GOA has persistently complained about the impediments faced by Afghan traders in moving their exports and imports through Pakistan. While the GOA and the traders have legitimate grievances on that score, we hope this confrontation will drive home to the GOA that it has to get its own house in order.
END SUMMARY.

WHEELS JAM

3. (SBU) The Peshawar-based Pakistan-Afghanistan Transport Association has been observing a "wheels jam" strike since April 27, 2007, to protest high legal taxes and illegal collections that truckers have to pay between Torkham and Kabul. The strike, which is also supported by the trucking industry within Afghanistan, has shut down containerized traffic from Pakistan into Afghanistan on

the Peshawar-Kabul highway. The truckers have three specific areas of concern: the Governor of Nangarhar's unauthorized "reconstruction" tax on truckers; a proliferation of checkpoints, including those manned by Afghanistan National Police (ANP) and Afghanistan Border Police (ABP), where truckers are required to pay "taxes and fees"; and the level of legal taxes and fees. Underlying these specific demands is a more general discontent at the harassment meted to truckers at multiple checkpoints and the bribes they have to pay to get through.

¶4. (SBU) According to our reports, as of Saturday (May 5) evening, hundreds of trucks were lined up along the Peshawar-Torkham highway. Over 800 of these are carrying supplies for the U.S. Military and this number is increasing by an average of 50 trucks a day. If this strike continues, U.S. troops serving in Afghanistan could begin to experience shortages of some solid goods supplies they receive through Pakistan. It could also begin to affect catering and other services to the Embassy and the international community in Kabul. Several new vehicles being shipped to the Embassy in containers have already been stranded. Embassy is engaged at various levels in urging a swift resolution to the issue.

AGREEMENT REACHED, NOT YET IMPLEMENTED

¶5. (U) While containerized traffic was still not crossing the border as of Sunday (May 6) morning, Finance Deputy Minister Ibrahimi -- the Finance Minister and the senior Deputy Finance Minister are out of the country -- told Embassy officers on May 6 that an agreement had been reached between the GOA and the truckers to end the strike on Sunday. Ibrahimi, who is responsible for customs and revenue collection, said he planned to follow up immediately to find out why the traffic had not yet reopened.

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6.(SBU) According to Ibrahimi, the outline of a deal between the GOA and the truckers had been brokered by Vice President Khalili on Thursday (May 3) when he brought together the concerned GOA Ministries and the strikers and their trucking unions, including the spokesman of the Pakistan-Afghanistan Trucking Association. Khalili subsequently constituted an inter-ministerial working committee headed by Ibrahimi to address the truckers' demands on a fast track basis and provide a set of agreed recommendations within a month. In turn, the truckers reportedly agreed to lift their strike on Sunday (May 6). Ibrahimi's working committee is scheduled to meet this week to propose solutions. Once the proposals are agreed to by the truckers, they will be forwarded to Khalili, who will take them up with President Karzai. Ibrahimi said the protestors' demands could be placed in two categories: those that can be addressed immediately; and those that would require significant regulatory or legislative changes.

THE TRUCKERS' DEMANDS

¶7. (U) Reconstruction Tax: The striking truckers want elimination of the Nangarhar Governor's 3,000-5,000 Afghani (\$1-49Afs) tax on each truck going through his province. Ibrahimi confirmed that this tax was wholly illegal and the Governor should cease collecting it immediately. He noted there was little accountability on where this revenue goes. Ibrahimi claimed this practice is not uncommon in other provinces as well where there is relatively heavy cargo traffic. He said that there were provisions in the GOA's budgetary system for Governors to request and receive funds from the central government through the Ministry of Interior for their legitimate development and operating expenses.

¶8. (U) ANP/ABP Checkpoints: A second concern is the multiple checkpoints along Highway A-1 from Torkham to Kabul, where trucks are stopped by men in ANP or ABP uniform and asked to pay a fee. It is quite likely these are legitimate ANP and ABP personnel. The lack of any action against these checkpoints suggests that the practice is condoned at high levels in the Ministry of Interior (MOI) and the collections may also find their way up the chain. Ibrahimi said these fees had no basis in law and needed to be

eliminated. He noted that the MOI's Traffic Department does collect annual vehicle registration fees, implying that the MOI's police checkpoints may be using registration verification as one of the pretexts to stop and shakedown the trucks.

¶9. (U) Municipal Taxes: The transportation industry also wants removal of the "municipal tax" on trucks levied by Kabul and several other cities. Kabul has checkpoints around the city to collect this tax when trucks enter the city. While this tax is legal and on the books, Ibrahimi referred to these municipal fees as one of five or six "nuisance" taxes which the MoF wants eliminated. It is drafting legislation to repeal these taxes and fees.

¶10. (U) Road Toll Tax: The protesters want changes in this new road toll introduced last fiscal year by the MoF. The tax is intended to provide for maintenance of new roads being built around the country. According to Ibrahimi, the tax, as originally conceived, was to be payable on a quarterly basis, but after objections from the trucking industry, MoF lowered the tax and reduced the levy period from quarterly to monthly and then to weekly. The truckers, who argue that their trucks generally enter Afghanistan sporadically, now want this tax to be levied only when and if the truck enters Afghanistan. This will make administration of the tax difficult and require new supplies of stickers, Ibrahimi said, but MoF is willing to accept the truckers' demand. He did express frustration with the frequently changing position of the truckers on this issue over the last year.

¶11. (U) License Fees: The strikers are also protesting MoF plans to enforce the payment of an annual license fee of about 150 Af per ton capacity that has apparently been largely ignored by both the

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GOA and the truckers for the last 25 years. What the truckers find even more unpalatable is the threat by the MoF to collect the fee retroactively for however long the truck has operated in and out of Afghanistan. Ibrahimi observed that as long as the law is on the books, it is incumbent on the MoF to enforce it. Not only do the truckers not want to pay the tax retroactively, they want an exemption from this tax going forward. (Note: While Ibrahimi did not indicate a solution to this issue, we find it unlikely that the GOA could go back 25 years in its records to support a retroactive collection of this fee. The more plausible solution appears to be that the GOA would write off the past nonpayment and the truckers would drop their demand for an exemption from the tax going forward.)

¶12. (U) Ministry of Transportation (MoT) Fees: The protesters want removal of two "movement fees" collected by MoT at checkpoints on the Torkham-Kabul road. These fees are legal but Ibrahimi is in favor of their repeal. He believes that tax and revenue collection responsibility should only be vested in MoF. Besides, checkpoints run by multiple agencies to verify documents or collect fees lead to multiple opportunities for graft and corruption.

¶13. (U) Ministry of Commerce and Industry (MoCI) Fee: In response to the strike, MoCI eliminated its 180 Af commercial fee. MoCI's Director General of Foreign Trade and the Special Assistant to the Commerce Minister told us that the Ministry is sympathetic to the truckers' plight. MoCI believes that the high costs and obstacles faced by transporters are hurting traders and exacting a toll on the Afghan economy. The Commerce Minister intends to raise this within the Cabinet to urge his colleagues to address the strikers' demands.

¶14. (U) Reciprocal Rights for Afghan Trucks: The Afghan trucking industry also has demanded that Afghan trucks be allowed to ply to any city in Pakistan, just as Pakistani trucks are allowed to take cargo to any place in Afghanistan. Currently, Afghan trucks can only go as far as Peshawar. Since this is not something the GOA can grant, the GOA should be able to readily agree to take up the issue with Pakistan, possibly at the next Joint Economic Commission meeting.

MEDIA COVERAGE

¶15. (U) Media coverage of this strike within Afghanistan has been sparse. We assume this is because the strike is not having an immediate impact on the common Afghan as only containerized traffic is being stopped. Flat-bed "jingle" trucks which transport the imported staple food and other necessities used by most Afghan people are getting through.

COMMENT

¶16. (SBU) Embassy understands from Ibrahimi and others that the strike may be on the verge of being lifted. This would be good news for the Afghan economy and the U.S. Military. If the strike lingers on, the Embassy will approach the GOA at higher levels to urge actions to resolve the differences with the truckers.

¶17. (SBU) Issues related to extortion, corruption and other impediments to cross-border trade on the Afghan side have festered for some time. The action by the truckers has served to sharpen the issues and raise them to the attention of the top levels of the GOA. In the past, the GOA has issued directives to crack down on extortion and harassment but little has improved. We hope that VP Khalili and Deputy Minister Ibrahimi's working committee will be able to develop practical solutions that address the real problems encountered by the truckers. Embassy believes that issues relating to the levels and the rationale of some of the legal taxes and fees can be debated in good faith and reasonable compromises reached. The more challenging issues are the extortion and bribes collected

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by ANP/ABP and other agencies at the checkpoints. These reflect fundamental governance deficiencies which require the exercise of strong political will by the GOA. In particular, the Ministry of Interior needs to step up to the plate. We have heard that the Governor's Reconstruction Tax will be eliminated and that corrupt Border Police officers will soon be arrested.

¶18. (SBU) The GOA has for long persistently complained about impediments faced by Afghan traders in moving their exports and imports through Pakistan. While the GOA and the traders have legitimate grievances on that score, we hope this confrontation will drive home to the GOA that it has to get its own house in order as well.

¶19. (SBU) Ibrahimi and Embassy contacts have hinted at or ascribed Pakistan-sponsored political motives behind the confrontation. Others have suggested that Taliban insurgents have joined with some influential people on the Pakistan side to foment the stoppage to squeeze the GOA and the NATO forces in Afghanistan. Although the strike was driven and enforced primarily from the Pakistan side of the border, we have no basis to agree or disagree with these observations.

WOOD